

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on April 7, 1999 at 7:00 A.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Eve Franklin (D)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Mesaros (R)
Sen. Ken Miller (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: None.

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Clayton Schenck, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 644, HB 4, HB 109, HB 115,
HB 676, HB 653

Executive Action: HB 644, HB 4, HB 109, HB 115,
HB 676, HB 653, HB 5, HB 607,
HB 92, HB 433, HB 608

HEARING ON HB 644

Sponsor: REP. LILA TAYLOR, HD 5, BUSBY

Proponents: Jim Mockler, Montana Coal Council
Tom Daubert, Montana Association of Oil, Gas,
and Coal Counties
Newell Anderson, Department of Commerce

Opponents: None

Opening Statement by Sponsor:

REP. TAYLOR explained the bill would form a council to study and report the necessity of the **Coal Board**. REP. TAYLOR advised there was a road going into the **Decker** mine that has been in need of repairs for several years. The money set aside for impact improvements is not being allocated, thus there may not be a need for the board. REP. TAYLOR reviewed the history of the **Coal Board** for the committee.

Proponents' Testimony:

Jim Mockler, Montana Coal Council, stated the employees working in the **Decker** and **Spring Creek** mines have paid over \$1,000,000,000.00 in taxes and coal funds. Mr. Mockler added there have been fees taken out for impacts, and the road to the **Decker** mine qualified to receive money for improvements. Mr. Mockler was upset because the Department of Transportation and the **Coal Board** would not repair the road. Mr. Mockler thought the employees deserved better, and although part of the road will be repaired, questioned the effectiveness of the **Coal Board**.

Tom Daubert, Montana Association of Oil, Gas and Coal Counties, stated there was a growing frustration with the **Coal Board** and felt the Coal Impact Program worked.

Newell Anderson, Department of Commerce, advised he was the Administrative Officer for the **Coal Board**, and was present for questions

Questions from Committee Members and Responses:

SEN. KEATING advised he tried to abolish the **Coal Board** in the late 80's, and the legislature decided to leave it. **SEN. KEATING** felt if the Coal Board was going to be a part of the system they should be allowed to function as intended.

SEN. NELSON wanted clarification on the intent of the council.

REP. TAYLOR advised the intent was to study the **Coal Board**, and decided if the board should be allowed to remain. It would also make recommendations how the problems between the board, Legislators, and people needing the impact money should be resolved. **REP. TAYLOR** pointed out in 1995 the board was told not to apply for money because there was none available, and then the House Appropriations Committee did not extend money to the board because they said there was no application made. **REP. TAYLOR** advised it was a one-time only study.

SEN. NELSON asked if the gravel road was going to be repaired.

REP. TAYLOR advised a portion of the road is scheduled for repair this year with Federal money. The problem was not this one road, impact repairs are needed in other areas. The money was paid into the fund for the impact repairs, and now communities can not get the money back.

SEN. MAHLUM asked if the road was 20 miles long. **REP. TAYLOR** advised the part being paved was 12 miles long, however there was still 24 miles not being repaired. **REP. MAHLUM** thought the base would have to be heavy because the trucks are carrying so much weight. **REP. TAYLOR** advised that was correct, and noted the road was redone in 1982.

SEN. MOHL asked **Jim Currie**, Department of Transportation, if the road was scheduled to be repaired. **Mr. Currie** advised there were 12 miles scheduled to be repaired this fall. **Mr. Currie** advised this road is part of the secondary roads and it has taken time to get money together to do the repairs.

SEN. MOHL wanted to know if the **GVW** rates would be monitored.

Mr. Currie advised he was unsure, but noted one problem in Eastern Montana was there availability of aggregate for the heavy base.

Closing by Sponsor:

REP. TAYLOR stated the coal funds should be used as they were intended, and felt if the **Tongue River Railroad** goes through there will be an increased need.

{Tape : 1; Side : A; Approx. Time Counter 7:20 }

HEARING ON HB 4

Sponsor: REP. LILA TAYLOR, HD 5, BUSBY

Proponents: None

Opponents: None

Opening Statement by Sponsor:

REP. TAYLOR advised HB 4 was the budget amendment bill and handed out **EXHIBIT**(fcs75a01), a list of projects included in the bill.

REP. TAYLOR advised these were one time only finds and not added to the base budget.

Questions from Committee Members and Responses:

SEN. TAYLOR wanted to know the total cost. Jane Hamman, Budget Office, advised it was \$39,000,000.00. SEN. TAYLOR asked all the money was needed. SEN. BECK advised this was Federal money.

CHAIRMAN SWYSGOOD stated these were line items and would not be included in the budgets next biennium. Ms. Hamman advised budget authority could only be used when the cash was available and was one time authority.

Closing by Sponsor:

REP. TAYLOR closed.

HEARING ON HB 653

Sponsor: REP. ERNEST BERGSAGEL, HD 95, MALTA

Proponents: None

Opponents: Eric Feaver, MEA and MFT
Mona Jamison, Montana Health and Life Insurance
Guarantee Association
Jane Jelinski, Montana Association of Counties
Webb Brown, Montana Chamber of Commerce
Nancy Butler, State Fund Insurance
Jackilyn Lenmark, American Insurance Association

Informational: Anna Miller, Department of Natural Resources

Opening Statement by Sponsor:

REP. BERGSAGEL explained this bill would require a 2/3's vote of the governing body to increase any taxes. **REP. BERGSAGEL** did not agree with the argument that tax bills would not get out of a governing body. In light of **CI-75** **REP. BERGSAGEL** felt this was a good solution. **REP. BERGSAGEL** stated being 51st and increasing government could not be tolerated any longer.

Opponents' Testimony:

Eric Feaver, MEA, opposed a super majority, minority rule. **Mr. Feaver** thought it was wrong to add tax policy to the constitution.

Mona Jamison, Montana Life and Health Insurance Guaranteed Association, explained the function of the association and advised they would be subject to these levies since they were statutorily approved. **Ms. Jamison** felt this could effect policy holders whose insurance providers were in trouble by jeopardizing coverage. **Ms. Jamison** stated the Attorney General agreed the board would be subject to the bill, and felt the bill was too broad.

Jane Jelinski, Montana Association of Counties, rose in opposition of the bill, and stated very few election were won by a 2/3 vote. **Ms. Jelinski** felt this would allow a minority to rule.

Webb Brown, Montana Chamber of Commerce, advised the chamber opposed super majority votes.

Nancy Butler, State Fund, thought the State Fund would be effected, and felt this bill would impair the ability of the board to make necessary adjustments.

Jacqueline Lenmark, American Insurance Association, opposed any measure that would politicize the **State Fund** decision process and handed out **EXHIBIT(fcs75a02)**. **Ms. Lenmark** felt this bill would also effect the Property and Casualty Insurance Fund and the Workers Compensation Fund. **Ms. Lenmark** did not oppose tax regulation, simply the portion that effects insurance.

Anna Miller, DNRC, read **EXHIBIT(fcs75a03)**.

Questions from Committee Members and Responses:

SEN. BECK was concerned about the bonds issued and wanted to know what would happen to the bond rating if the counties had to raise fees to repay them. **REP. BERGSAGEL** stated the bond rating has improved in every state that requires a majority vote. **SEN. BECK** questioned that statement. **REP. BERGSAGEL** cited Arizona as an example.

SEN. FRANKLIN wanted to know what other states required a majority vote. **REP. BERSAGEL** advised he would cover that in closing.

SEN. TAYLOR requested a copy of the opinion by the Attorney General, and asked if **BCBS** would be effected. **Ms. Jamison** advised she would provide the opinion, and felt **BCBS** would not be affected because they were not statutorily created. *{Tape : 1; Side : A; Approx. Time Counter : 7:40}*

SEN. BECK asked how people would create a mill levy, a people's initiative, or appropriations. **REP. BERGSAGEL** stated it would take a 2/3 majority vote from the body governing the entity. A people's initiative would take a simple majority. The appropriation had been removed from the bill.

SEN. KEATING wanted clarification on the effects to the insurance companies. **REP. BERGSAGEL** reiterated the vote was 2/3's of the governing body, not specifically the Legislature. **SEN. KEATING** stated the County Commissioners already needed a 2/3 vote. **REP. BERGSAGEL** agreed, and commented for smaller boards like a school board, nothing would change. **SEN. KEATING** was confused about **Ms. Miller's** comments that the counties would not be able to repay the loans. **REP. BERGSAGEL** advised the implication was there could be one person causing the funding to fail. *{Tape : 1; Side : B; Approx. Time Counter : 0}*

SEN. KEATING asked how many members were on the State Fund, Property and Casualty, and Self Insures Boards. **Ms. Lenmark** advised State Fund has seven, the other two boards were no fewer than seven, and no more than nine. **SEN. KEATING** stated there would only need to be a 2/3 vote to cover. **Ms. Lenmark** felt the boards would not be able to act quickly enough, and an effort to suppress rates was maintaining the State Fund stability was her biggest concern.

Closing by Sponsor:

REP. BERGSAGEL stated he had served seven years, and during his tenure noticed everyone wants money. There are 400,000 people paying taxes to support \$1,000,000.00 per day in spending.

Montana is ranked 51st, and government was growing. **REP.**

BERGSAGEL felt this was a travesty. **REP. BERGSAGEL** listed the 14 other states requiring a super majority vote, and felt if something is not done the tax payers would pass drastic measures to correct the situation. {Tape : 1; Side : B; Approx. Time Counter : 7:50}

CHAIRMAN SWYSGOOD ADVISED HB 109 HAS ALREADY HAD A FULL HEARING AND THE INTEND TODAY WAS SIMPLY TO ADDRESS THE FISCAL IMPACT.

HEARING ON HB 109

Sponsor: **REP. JOHN MERCER, HD 74, POLSON**

Testimony: **Joe Mazurek,** Attorney General
Jim Oppedahl, Department of Justice
Mark Staples, Montana Tavern Association
Ellen Engstedt, Don't Gamble With The Future
Betty Waddell, Montana Association of Churches

Opening Statement by Sponsor:

REP. MERCER advised this bill had two fiscal impacts: tax credits and the purchase of the automated system. **REP. MERCER** advised the State Special Revenue Gambling Account had been established to pay for the equipment, however over the years the money has been taken from the account to balance the budget, therefore the money needed to be replaced in the account from the General Fund. **REP. MERCER** advised there were two options for the equipment, a lease or outright purchase, either way **HB 2** will be effected.

Testimony:

Joe Mazurek, Attorney General, advised the committee this had been a three session process and was long overdue.

Jim Oppedahl, Department of Justice, passed out two spread sheets, **EXHIBIT(fcs75a04)** and **EXHIBIT(fcs75a05)** and reviewed each.

Mark Staples, Montana Tavern Association, explained this bill is at the request of several Legislators. **Mr. Staples** explained three of the opponents concerns: voluntary vs. mandatory

implementation, tax credit, and machine features. **Mr. Staples** felt each machine will cost \$400.00 to \$800.00 to convert, therefore the tax credit will not offset the cost.

Ellen Engstedt, Don't Gamble with the Future, read **EXHIBIT**(fcs75a06).

{Tape : 1; Side : B; Approx. Time Counter : 8:00}

Betty Waddell, Montana Association of Churches, referred to the Fiscal Note on line four, page two, the \$250.00 tax credit per machine, and stated she felt there was a huge impact on the citizens of the state. **Ms. Waddell** noted the average income for employees at the gambling establishments was \$9600.00 annually, and felt they were poor paying job in comparison to the income generated by the owners. **Ms. Waddell** questioned the \$1,000,000.00 saving to the department, and asked for someone to explain the savings, when the general consensus by the department was that there was no fraud in the industry.

Questions from Committee Members and Responses:

SEN. KEENAN referred to a bill in 1995 and one in 1997, each with a much higher cost, and wanted to know what had changed. **Mr. Oppendahl** he believed the tax credit had been reduced.

SEN. KEENAN asked if the \$9600.00 annual income included tips, and where the figures were obtained. **Ms. Waddell** explained the survey was requested by the Legislature two years ago, income was divided into several categories, and her figure did not include tips. **SEN. KEENAN** pointed out some of these jobs may be part time.

SEN. MAHLUM asked if the new machines would be bought in compliance from the factory and what the price would be. **Mr. Staples** advised if the bill passed new machines would be in compliance, and they would be the same price.

SEN. MAHLUM asked where the \$1,000,000.00 increase was coming from. **Mr. Staples** advised the collection process would be faster, audits would be faster, and it was possible the small accounting errors would add up. **Mr. Staples** did not feel anyone was cheating, but errors are possible. The difference was based on a South Dakota model. *{Tape : 2; Side : A; Approx. Time Counter : 8:22}*

CHAIRMAN SWYSGOOD questioned the spread sheets that were handed out. **Mr. Oppendahl** advised the interest rate would be approximately 7%, and these figures were from Louisiana. There

was as error on the spread sheet and **CHAIRMAN SWYSGOOD** wanted a correct sheet produced. **CHAIRMAN SWYSGOOD** thought it may be better to lease rather than buy. The spread sheet showed it would cost \$400,000.00 more over five years to lease the system.

SEN. KEENAN wanted to know the life expectancy of the system.

Mr. Oppendahl felt the system would have to be updated in six to eight years.

SEN. KEENAN believed the 1995 Legislature was advised the department would have to hire additional FTE's, and wanted to know if staff would be reduced if the system was automatic. **Mr. Oppendahl** felt it would require two additional FTE with the automated system, and because of the audit requirements 28 FTE without the system.

SEN. KEENAN asked if there was any coordination between the computer system at the Department of Revenue and this one. **Mr. Oppendahl** advised there was not, as they were not the same type of operating system. The hardware costs were 25% of the system cost.

SEN. CHRISTIAENS wanted **Mr. Oppendahl** to explain the increased tax revenue. **Mr. Oppendahl** stated the savings was based on the comparison by South Dakota after they converted to an on line system, and listed the same reasons **Mr. Staples** listed previously.

SEN. CHRISTIAENS wanted clarification on the 28 FTE's. **Mr. Oppendahl** advised the automated system would eliminate the need for department having to hire 28 employees to meet the audit requirements.

SEN. TAYLOR felt the software was the system, and the existing computers could be used. The department would only have to purchase the software. **Mr. Oppendahl** stated in the bidding process they would try and reduce the cost if possible by combining the systems. **SEN. TAYLOR** asked if the hardware and software were being bid separately. **Mr. Oppendahl** advised they were, but there were only two or three companies manufacturing the equipment.

SEN. BECK asked if the pathological portion was still in the bill. **CHAIRMAN SWYSGOOD** advised it was, and the hearing on the bill was closed. *{Tape : 2; Side : A; Approx. Time Counter : 8:38}*

Sponsor: REP. DAN MCGEE, HD 21, LAUREL

Proponents: Mike Ferriter, Department of Corrections

Opponents: None

Opening Statement by Sponsor:

REP. MCGEE advised the committee he would review the fiscal impact of the bill, as the bill had already been heard by another committee. REP. MCGEE advised the impact was decreased because of a new program called **Probation Violator Prison Diversion**. This program allows a person whose parole has been revoked because of a technical violation to be incarcerated in a jail up to 30 days, rather than being sent back to prison. The program is designed to allow a "time out" and get the person n back on track. REP. MCGEE stated this was modeled after a program in Texas, and the Department of Corrections would be paying for the jail cost.

Proponents' Testimony:

Mike Ferriter, Administrator for Community Corrections, thought this bill would give the department new authority to place and pay for jail incarceration. Mr. Ferriter noted this program is a two year study and would be reviewed by the Legislature next session.

Questions from Committee Members and Responses:

SEN. MOHL asked who paid the jail costs for a offender incarcerated in jail while waiting to be sent to prison. Mr. Ferriter advised the county.

SEN. MOHL thought this should be a reduction to the Department of Correction's budget. Mr. Ferriter agreed, and thought after the study was completed they would know for sure.

CHAIRMAN SWYSGOOD stated on page 13 of the bill there were coordinating instructions to HB 81, and wanted to know about that bill. Donna Cook, attorney for Department of Corrections, advised HB 81 dealt with a five time limit on incarcerated youth.

CHAIRMAN SWYSGOOD asked if this bill passed if the language in HB 81 would be void. Ms. Cook thought that would be true.

CHAIRMAN SWYSGOOD wanted to know what happened if there was no money appropriated for the department, as he felt there would be

a large savings. **Mr. Williams** advised the saving numbers were already built into the department's base budget.

Closing by Sponsor:

REP. MCGEE advised the bill dealt with more issues than the new program, and last biennium 18% of the \$140,000,000.00 spent went to the Community Corrections Division. The Community Corrections Division houses 62% of the population, and that was the area that needed to grow because it could deter incarceration in the state prison.

HEARING ON HB 676

Sponsor: **REP. JOHN WITT, HD 89, CARTER**

Proponents: **Hank Hudson,** Department of Public Health and Human Services (DPHHS)
Bill Kennedy, Yellowstone County Commissioner
Kathie Bailey, Fergus County Commissioner
Ken England, Chouteau County Commissioner

Opponents: None

Opening Statement by Sponsor:

REP. WITT advised this bill was an agreement between the counties and **DPHHS** for provision of non-assumed county services.

Proponents' Testimony:

Hank Hudson, DPHHS, advised non-assumed counties were the 43 counties paying for the costs for Public Assistance Programs.

Mr. Hudson stated this bill was addressing several issues: a predictable and understandable budget for non assumed counties, and ensuring the state gets the required part of the revenue needed for matching and maintenance of effort funds. Non-assumed counties will pay for the Temporary Assistance for Needy Families (**TANF**) program, 50% of the administrative costs, and 22 1/2% of the non Federal benefit share. **Mr. Hudson** stated there would be a cap on the total cost to the counties, and the Fiscal Note was removed because of the cap. **Mr. Hudson** did not believe the cap would endanger the department's financial position.

Bill Kennedy, Yellowstone County Commissioner, felt the most important part for the counties was the cap. This would allow the counties to set up and follow a budget.

Kathie Bailey, Fergus County Commissioner, rose in support of the bill.

Ken Engellant, Chouteau County Commissioner, rose in support of the agreement, and advised the bill would sunset in two years.

Questions from Committee Members and Responses:

SEN. KEATING asked if there was an appropriation on the bill.

CHAIRMAN SWYSGOOD advised there was not.

SEN. WATERMAN asked if the sunset was to see if the program worked. **Mr. Hudson** advised that was correct.

Closing by Sponsor:

REP. WITT urged the committee to support the bill as he felt the compromise from both sides made a workable solution.

The committee took a break and returned at 9:35 for executive action. *{Tape : 2; Side : B; Approx. Time Counter : 00}*

EXECUTIVE ACTION ON HB 644

Motion: **SEN. KEATING** moved that **HB 644 BE CONCURRED IN.**

Discussion:

SEN. MOHL understood the size of the committee would increase.

SEN. KEATING advised that was not correct, this bill was to appoint an oversight committee to review the necessity of the Coal Board. **SEN. MOHL** thought that had been done in 1995. **SEN. KEATING** explained the history, and commented the board gets an allowance of funds that the Legislature had been taking prior to the board receiving the funds.

SEN. CHRISTIAENS wanted to know how much money the Coal Board would be receiving over the next biennium. **SEN. KEATING** thought it was close to \$1,000,000.00. **SEN. CHRISTIAENS** thought the money should come from that fund. **SEN. KEATING** noted the bill allows for gifts and grants, and felt the coal companies would pay the majority, with the rest was coming from the fund.

SEN. JERGESON stated earlier in the session there was a bill that reorganized oversight committees, and now several bills were disregarding the new selection process. **CHAIRMAN SWYSGOOD** stated he did not know what to do about it.

Vote: Motion carried 11-7 with Christiaens, Franklin, Jergeson, Toews, Nelson, Mohl, and Taylor voting no.

SEN. KEATING was assigned to carry the bill.

EXECUTIVE ACTION ON HB 4

Motion: **SEN. JERGESON** moved that **HB 4 BE CONCURRED IN.**

Discussion:

SEN. CHRISTIAENS wanted to know why the Federal money for corrections was not listed. **SEN. KEATING** thought this was anticipated money, and this was normally spending authority.

Jane Hamman, Budget Office, advised the projects believed to continue beyond the 2001 biennium were required to be listed in **HB 2**, and these projects were not continuing past the biennium.

SEN. BECK asked why the correction construction money was not listed. **Ms. Hamman** advised construction money was listed in **HB5**.

SEN. TAYLOR asked if the money listed in the budgets and presented to the subcommittee was above the money listed in this bill. **Ms. Hamman** advised it was, and stated only the money in **HB 2** was included in the base budget. **SEN. TAYLOR** was upset that the subcommittee was unaware of extra money when the budgets were set. **SEN. KEATING** advised only unspent money from these funds would be included in the next biennium base budget.

Vote: Motion carried 17-1 with Miller voting no.

SEN. JERGESON was appointed to carry the bill.

EXECUTIVE ACTION ON HB 115

Motion/Vote: **SEN. BECK** moved that **HB 115 BE CONCURRED IN.** Motion carried unanimously.

SEN. CHRISTIAENS was assigned to carry the bill.

EXECUTIVE ACTION ON HB 676

Motion: SEN. WATERMAN moved that HB 676 BE CONCURRED IN.

Discussion:

SEN. TOEWS stated there was no fiscal impact now, but wondered if there could be in the future. CHAIRMAN SWYSGOOD felt there could be, and the non-assumed county issue should be studied. SEN. WATERMAN thought there was a study required in HB 2. SEN. KEATING advised he proposed a repealer in 1995, and the General Fund was paying \$5,500,000.00 per year for the 13 assumed counties. SEN. KEATING stated the bill was modified, and the mills were cut back. He felt the program should be abolished. SEN. TOEWS asked if there was going to be a study for sure. SEN. WATERMAN stated yes.

CHAIRMAN SWYSGOOD felt the bill had more impact to the counties now than ever before.

Vote: Motion carried unanimously.

SEN. WATERMAN was assigned to carry the bill.
{Tape : 2; Side : B; Approx. Time Counter : 9:40}

EXECUTIVE ACTION ON HB 653

Motion: SEN. TAYLOR moved that HB 653 BE CONCURRED IN.

Discussion:

SEN. TOEWS liked the idea of a 2/3 vote.

SEN. LYNCH opposed the bill. He felt this would allow a minority to rule the majority, and added people elected Legislators to enact laws.

SEN. JERGESON disagreed with REP. BERGSAGEL's comment that the Legislature had increased spending to \$1,000,000.00 per day, and noted the largest increases come from Federal matching Highway Funds.

SEN. BECK was concerned that the impacts of bonds and payment of them would be negative.

SEN. TAYLOR felt there should be a debate on the floor and noted the states that have imposed this type of requirement have had increased bond ratings. **SEN. TAYLOR** was concerned if the bill did not pass the public may do something radical.

Vote: Motion carried 10-8 with Christiaens, Crismore, Franklin, Jergeson, Lynch, Nelson, Shea, and Waterman voting no.

SEN. TAYLOR was appointed to carry it on the floor.

EXECUTIVE ACTION ON HB 109

Motion: **SEN. MAHLUM** moved that **HB 109 BE CONCURRED IN.**

Discussion:

CHAIRMAN SWYSGOOD passed out **EXHIBIT(fcs75a07)** and **EXHIBIT(fcs75a08)**, corrected amortization sheets. **CHAIRMAN SWYSGOOD** felt the impact would be greater than projected due to the loss of interest on the fund. He thought it would be better to lease.

SEN. TAYLOR wanted to discuss the possibility that the Department of Revenue could use their system, however he needed time to explore if that was possible.

SEN. MOHL felt the full effect was not being noted on the Fiscal Note. **SEN. MOHL** felt there would be some interest offset as the state would pay interest on the lease.

SEN. KEENAN was concerned with purchasing the system. He felt the system would require updating in the future. **SEN. KEENAN** thought it would be twice as costly to repurchase rather than turn it back in on a lease.

SEN. TAYLOR felt it would be a wash on the interest, and it would be an advantage to lease due to the upgrades.

SEN. MILLER wanted to amend the bill and eliminate the tax credit. **CHAIRMAN SWYSGOOD** advised there would be no amendments to the bill in committee, they would be addressed on the floor.

SEN. KEATING wanted an explanation on the balance sheet. **Jim Oppendahl** explained the sheet. **SEN. KEATING** asked how the department was going to get to the positive. **Mr. Oppendahl** advised leasing was not the preferred option, and felt there would have to be a commitment by the Legislature to pay for the

lease. **CHAIRMAN SWYSGOOD** advised there would be, and explained the consideration was to lease or buy. The committee was concerned with the future upgrade costs. **Mr. Oppendahl** was concerned with the future of the fund because \$1,500,000.00 was taken from the account by the Legislature in the past.

SEN. BECK questioned the maintenance costs, and thought leased equipment would be maintained. **Mr. Oppendahl** felt one way or another the state would pay for it. **SEN. BECK** felt there was advantages to the lease.

SEN. MAHLUM advised a lease was better because the company would maintain and upgrade the system. **SEN. MAHLUM** stated the department would pay \$105,000.00 for the next five years to lease. **Mr. Oppendahl** said that sounded correct.

SEN. MOHL wanted to know if this was a lease purchase or lease option. **Mr. Oppendahl** stated all he did was amortize out \$2,000,000.00 over five years to get the figures. **Mr. Oppendahl** advised the department does not want to lease the equipment, they felt they could get a better deal paying cash.

SEN. MOHL questioned the \$1,000,000.00 in additional revenue for switching systems. **Mr. Oppendahl** advised that money would be reverted to the General Fund and local governments as tax revenue.

SEN. CHRISTIAENS stated this sounded like an open-end lease rather than a closed-end lease. **Mr. Oppendahl** stated he simply took the \$2,000,000.00 and amortized it out. The department had not checked on the lease information. **SEN. CHRISTIAENS** stated most lease companies offered a maintenance agreement. **Mr. Oppendahl** said the Louisiana agreement did not include contract for maintenance.

SEN. TAYLOR wanted to know if the bill could be amended to require a lease. **CHAIRMAN SWYSGOOD** advised it was at the option of the committee. **SEN. LYNCH** thought it would be a good idea to wait for the conference committee since there was no information available on the lease. **CHAIRMAN SWYSGOOD** advised he agreed and advised **Mr. Oppendahl** to gather the information on the lease.

SEN. KEENAN felt it was crazy to spend that kind of money on computers and thought they could be purchased for considerably less money.

Vote: Motion carried 16-2 with Toews and Miller voting no.
{Tape : 2; Side : B; Approx. Time Counter : 10:15}

EXECUTIVE ACTION ON HB 433

Motion: SEN. CHRISTIAENS moved that HB 433 BE CONCURRED IN.

Substitute Motion/Vote: SEN. KEATING made a substitute motion that HB 433 BE TABLED. Substitute motion carried 11-7 with Christiaens, Franklin, Jergeson, Lynch, Nelson, Shea, and Waterman voting no. {Tape : 3; Side : A; Approx. Time Counter : 00}

EXECUTIVE ACTION ON HB 92

Motion/Vote: SEN. MAHLUM moved that HB 92 BE CONCURRED IN. Motion carried unanimously.

EXECUTIVE ACTION ON HB 607

Motion: SEN. KEATING moved that HB 607 BE CONCURRED IN.

Discussion:

Motion: SEN. KEATING moved that AMENDMENT HB060701.AEM EXHIBIT(fcs75a09) BE ADOPTED. SEN. KEATING explained the amendment exempted any workers compensation carrier.

Vote: Motion carried 12-4 with Franklin, Waterman, Christiaens, and Jergeson voting no.

Motion/Vote: SEN. KEATING moved that MOVED AMENDMENT HB060701.ACS EXHIBIT(fcs75a10) BE ADOPTED. Motion carried unanimously.

Motion/Vote: SEN. KEATING moved that HB 607 BE CONCURRED IN AS AMENDED. Motion carried 11-7 with Swysgood, Crismore, Mesaros, Mohl, nelson, Taylor, and Keenan voting no.

CHAIRMAN SWYSGOOD advised SEN. BISHOP would carry the bill.

EXECUTIVE ACTION ON HB 11

CHAIRMAN SWYSGOOD advised the bill needed to be amended to coordinate the list with HB 260 and passed out EXHIBIT(fcs75a11).

SEN. TOEWS asked for an explanation. **Jane Hamman** advised the list is updated to cover the projects listed in **HB 260**, and added if **HB 260** fails the list in void.

SEN. FRANKLIN stated she did not feel comfortable amending this bill to go along with a bill she had not heard.

CHAIRMAN SWYSGOOD advised they were not amending a bill that had not been heard, but updating the list of projects. **SEN. JERGESON** wanted to know the impact on the bill if **HB 260** was amended.

CHAIRMAN SWYSGOOD advised it would not matter because the list had to be the same. **Jim Edgcomb** advised it would depend on what happened to **HB 260**, and **HB 260** appropriated the money for this bill. **CHAIRMAN SWYSGOOD** advised the committee would hold off on the amendments until it heard **HB 260**.

EXECUTIVE ACTION ON HB 608

Motion: **SEN. FRANKLIN** moved that **HB 608 BE CONCURRED IN**.

Substitute Motion/Vote: **SEN. KEATING** made a substitute motion that **HB 608 BE TABLED**. Substitute motion carried 11-7 with **Christiaens, Franklin, Jergeson, Lynch, Nelson, Shea, and Waterman** voting no.

EXECUTIVE ACTION ON HB 420

Motion: **SEN. LYNCH** moved that **HB 420 BE CONCURRED IN**.

Motion: **SEN. LYNCH** moved that **HB 420 HAVE THE EFFECTIVE DATE CHANGED TO 12/31/99 BE ADOPTED**.

Discussion:

SEN. KEATING wanted to strike section two. **SEN. LYNCH** advised that would not work, the effective date needed to be 12/31/99 not 10/1/99.

Vote: Motion carried unanimously.

Motion: **SEN. TAYLOR** moved that **HB 420 BE CONCURRED IN AS AMENDED**.

Discussion:

SEN. JERGESON noted it was unfair to give one county a tax break when on a previous bill the committee would not vote to give tax relief to five counties.

SEN. LYNCH advised it was a fairness issue and explained some history. **SEN. KEATING** noted the metalliferous mine tax was being used for several projects in the Butte area.

Vote: Motion carried 13-5 with Christiaens, Franklin, Jergeson, Lynch, and Shea voting no.

SEN. KEATING was assigned to carry the bill.

EXECUTIVE ACTION ON HB 5

CHAIRMAN SWYSGOOD advised there was an amendment for the bill so he requested the committee to review the bill and passed out **EXHIBIT (fcs75a12)**.

Motion: **SEN. KEATING** moved that **HB 5 BE CONCURRED IN AS AMENDED.**

Discussion:

CHAIRMAN SWYSGOOD explained the amendment dealt with the Montana State Prison and limited the funding to \$170,000.00 to match the Federal Funds. **SEN. LYNCH** advised this was the only way to pass this because he felt if **HB 14** went back to the House it would fail.

Vote: Motion carried 17-1 with Miller voting no.

SEN. BECK wanted to move a conceptual amendment to restore the spending authority for Paxton Library.

Vote: Motion carried 16-2 with Miller and Toews voting no.

Motion/Vote: **SEN. LYNCH** moved that **HB 5 BE CONCURRED IN AS AMENDED.** Motion carried 16-2 with Miller and Toews voting no.

SEN. BECK was assigned to carry the bill.

ADJOURNMENT

Adjournment: 10:48 A.M.

SEN. CHUCK SWYSGOOD, Chairman

SHANNON GLEASON, Secretary

CS/SG

EXHIBIT (fcs75aad)